



**NORTH CAROLINA GENERAL ASSEMBLY
AMENDMENT
Senate Bill 622***

AMENDMENT NO. _____
(to be filled in by
Principal Clerk)

S622-ARBf-7 [v.2]

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Amends Title [NO]
First Edition

Date _____, 2019

Senator Clark

1 moves to amend the bill on page 22, lines 40 and 41, by rewriting the lines to read:

2 **"SECTION 5.4.(a)** G.S. 105-130.5(a)(26) and (27) read as rewritten:

3 "(a) The following additions to federal taxable income shall be made in determining State
4 net income:

5 ...

6 (26) The amount of gain that would be included for federal income tax purposes
7 without regard to section 1400Z-2(b) of the Code. The adjustment made in
8 this subsection does not result in a difference in basis of the affected assets for
9 State and federal income tax purposes. The purpose of this subdivision is to
10 decouple from the deferral of gains reinvested into an Opportunity Fund
11 available under federal law. This subdivision does not apply to an investment
12 made in a NC Opportunity Zone that lies in whole or in part within a Military
13 Impact Zone. For purposes of this subdivision, the term "Military Impact
14 Zone" means the entire military installation which has a total active duty
15 population of 3,000 or more military personnel as well as the municipal areas
16 and unincorporated areas of a county that lie within 15 miles of the geographic
17 center of such a military installation.

18 (27) The amount of gain that would be included in the taxpayer's federal taxable
19 income but for the step-up in basis under section 1400Z-2(c) of the Code. The
20 purpose of this subdivision is to decouple from the exclusion of gains from
21 the sale or exchange of an investment in an Opportunity Fund available under
22 federal law. This subdivision does not apply to an investment made in a NC
23 Opportunity Zone that lies in whole or in part within a Military Impact Zone.
24 For purposes of this subdivision, the term "Military Impact Zone" has the
25 same meaning as defined in subdivision (26) of this subsection."

26 **SECTION 5.4.(b)** G.S. 105-153.5(c2)(5) and (6) read as rewritten:

27 "(c2) Decoupling Adjustments. – In calculating North Carolina taxable income, a taxpayer
28 must make the following adjustments to the taxpayer's adjusted gross income:

29 ...

30 (5) The taxpayer must add the amount of gain that would be included for federal
31 income tax purposes without regard to section 1400Z-2(b) of the Code. The
32 adjustment made in this subsection does not result in a difference in basis of



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the affected assets for State and federal income tax purposes. The purpose of this subdivision is to decouple from the deferral of gains reinvested into an Opportunity Fund available under federal law. This subdivision does not apply to an investment made in a NC Opportunity Zone that lies in whole or in part within a Military Impact Zone. For purposes of this subdivision, the term "Military Impact Zone" has the same meaning as defined in G.S. 105-130.5(a)(26).

...

(7) The taxpayer must add the amount of gain that would be included in the taxpayer's adjusted gross income but for the step-up in basis under section 1400Z-2(c) of the Code. The purpose of this subdivision is to decouple from the exclusion of gains from the sale or exchange of an investment in an Opportunity Fund available under federal law. This subdivision does not apply to an investment made in a NC Opportunity Zone that lies in whole or in part within a Military Impact Zone. For purposes of this subdivision, the term "Military Impact Zone" has the same meaning as defined in G.S. 105-130.5(a)(26).

SECTION 5.4.(c) This section is effective for taxable years beginning on or after January 1, 2019.

SECTION 5.5. Except as otherwise provided, this Part is effective when it becomes law."

SIGNED _____
Amendment Sponsor

SIGNED _____
Committee Chair if Senate Committee Amendment

ADOPTED _____ FAILED _____ TABLED _____